



City of Lewiston Finance Department

Norman Beauparlant, Director of Budget/Purchasing



2015-009
Financial Audit
February 1, 2015

Sir/Madam:

Sealed bids will be received in the office of the Director of Budget/Purchasing on **Friday, February 27, 2015 until 4:00 p.m.** on the enclosed specifications for a **Financial Audit** for the Lewiston Finance Department.

The Finance Committee reserves the right to accept or reject any and all proposals.

Please submit **eight (8) copies** of the proposal. The proposal, if mailed should be clearly marked. **Only sealed bids will be accepted. Faxed bids will not be considered.**

Sincerely,

Norman J. Beauparlant
Director of Budget/Purchasing

NJB/syt

CITY OF LEWISTON, MAINE

REQUEST FOR PROPOSAL

FINANCIAL AUDIT

RFP #: 2015-009

DUE DATE: 2/27/2015

I. INTRODUCTION

A. General Information:

The City of Lewiston, Maine is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the five (5) fiscal years ending:

- {a} June 30, 2015
- {b} June 30, 2016
- {c} June 30, 2017
- {d} June 30, 2018
- {e} June 30, 2019

These audits are to be performed for the purpose of rendering an auditor's opinion on the fairness of the financial position of the City of Lewiston's general purpose financial statements as of the audit dates, in conformity with accounting principles generally accepted in the United States. All audits are to be conducted using auditing standards generally accepted in the United States of America, and the standards applicable for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), or their successors.

There is no expressed or implied obligation for the City of Lewiston to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, **eight (8) copies** of the proposal must be received by Norman J. Beauparlant, Director of Budget/Purchasing at the City Building by **4:00 p.m. on Friday, February 27, 2015**. The City of Lewiston reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by the members of the Finance Committee.

During the evaluation process, the Committee reserves the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the

Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Lewiston reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Lewiston and the firm selected.

B. Term of Engagement

A five (5) year contract is contemplated subject to recommendation of the Finance Committee, the satisfactory negotiation of terms and the concurrence of the City Council.

C. Subcontracting

Should the firm anticipate subcontracting portions of the engagement, that fact, and the name of the proposed subcontracting firm, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the City of Lewiston.

II. DESCRIPTION OF THE GOVERNMENT

- A. The auditor's principal contact with the City of Lewiston will be Heather Hunter, Finance Director/ Treasurer, or a designated representative, who will coordinate the assistance to be provided by the City of Lewiston, to the auditor.

An organization chart is located on page 15 of the City's Comprehensive Annual Financial Report which can be found on the City's website www.lewistonmaine.gov and a list of key personnel with the location of their principal offices (Appendix B) is attached.

B. Background Information

The City of Lewiston is a municipal corporation of the State of Maine, located on the east bank of the Androscoggin River. The second largest city in Maine, Lewiston serves an area of 35 square miles located in the south central section of the state, 34 miles from Portland and 142 miles from Boston. The City has a population of 36,592 and has a Mayor-Council and City Administrator form of government. The principal municipal departments, all of which will be subject to this audit, include general government, police and fire, public works, health and welfare, culture and recreation, education, and water, storm water and sanitary sewer, with a total appropriation of approximately \$115 million in the current fiscal year (including the Community Development Block Grant). The City has a full time work force of about 1,196

employees. The most recent audit of the City of Lewiston was performed in 2014 for the period of July 1, 2013 to June 30, 2014. A copy of the auditor's report is located on page 19 in the City's Comprehensive Annual Financial Report located on the city's website.

The Finance Director and Chief Accountant maintain general ledgers and other books of accounts for the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds, Fiduciary Funds and Permanent Funds. The School Department maintains their own set of books, as do the recipients of educational federal and state grants.

The government-wide, proprietary funds and fiduciary funds are maintained and reported using the economic resources measurement focus and the accrual basis of accounting. All other funds are maintained and reported on the modified accrual basis of accounting and the current financial resources measurement focus.

For financial reporting purposes, the City includes all funds controlled by the City Council.

More detailed information on the City and its finances can be found in published reports such as the Comprehensive Annual Financial Report, the Annual Budget, Official Statements and the like. These reports are kept at the City Building and copies may be obtained by contacting Heather Hunter, Finance Director/ Treasurer at (207) 513-3017 or on the City's website, www.lewistonmaine.gov.

C. **Fund Structure**

The City of Lewiston uses the following funds in its financial reporting:

Fund Types	Number of Individual Funds	Number with Legally Adopted Budgets
Major Funds:		
General fund	1	1
Special revenue funds	1	
Debt Service fund	1	
Capital projects funds	10	
Enterprise funds	3	3
Non-Major Funds:		
Special revenue funds	7	1
Permanent	2	
Fiduciary funds	5	
Private Purpose Trust funds	2	

D. Budgetary Basis of Accounting

The City of Lewiston prepares its budgets on a basis consistent with accounting principles generally accepted in the United States. The budget is reported on a modified accrual basis, except that current year encumbrances are treated as expenditures for budgetary purposes. For financial reporting on the budgetary basis, funds encumbered in the previous year are added to the current year's budgeted figures. Expenditures against the prior year's encumbrances are included with current year expenditures.

E. Federal and State Financial Assistance

During fiscal year 2013-2014, the City of Lewiston's Reports Required by Government Auditing Standards and OMB Circular A-133 identified the following grants as major programs:

Program Title	Federal CDFA Number
School Nutrition Cluster	10.553-10.559
Economic Development Initiative	14.251
Special Education Cluster	84.027-84.173
Title IA Disadvantaged	84.010
Title IIA Improving Teacher Quality	84.367

The City also received federal and state assistance in several smaller grants. The City currently is not required to issue a compliance report in accordance with MAAP, but during the tenure of this contract, issuance of said report may be required.

F. Pension Plans

The City of Lewiston participates in the Maine Public Employees Retirement System Consolidated Plan, a multiple-employer, public employees, defined benefit pension plan which covers substantially all of its employees. The City also maintains a single-employer, defined benefit plan (City Pension Plan), which covers certain police, fire and public works retired employees.

Actuarial services for MPERS are provided by Milliman & Robertson, Inc. Actuarial services for the City Pension Plan have been provided by Northeast Retirement Services, Inc.

The City also offers the option to participate in a 457 defined contribution plan through the MassMutual Insurance Company or ICMA Vantagepoint.

G. Component Units

The City of Lewiston is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The City includes the Lewiston Mill Redevelopment Corporation as a blended component unit in its Comprehensive Annual Financial Report. The Lewiston Mill Redevelopment Corporation is to be audited as part of the audit of the City of Lewiston's financial statements.

H. Joint Ventures

The City of Lewiston participates in several joint ventures, as defined in GASB Cod. Section J50.102. The joint ventures are with the City of Auburn, Maine with the exception of the Lake Auburn Watershed Protection Commission which is a joint venture with the Auburn Water District and Lewiston Auburn Water Pollution Control Authority which is a joint venture with the Auburn Sewerage District. These joint ventures are considered to be separate reporting entities and have not been included within the financial statements of the City. However, brief descriptions of these organizations and selected financial data are incorporated in the notes to the financial statements in the City's Comprehensive Annual Financial Report. The joint ventures are as follows:

Lewiston-Auburn Water Pollution Control Authority
Auburn-Lewiston Municipal Airport
Lewiston-Auburn Transit Committee
Lewiston-Auburn Economic Growth Council
Lewiston-Auburn 9-1-1 Committee
Lake Auburn Watershed Protection Commission

The Lewiston-Auburn 9-1-1 Committee joint venture unit is to be audited as part of the audit of the City of Lewiston's financial statements and, separate financial statement reports are to be issued. The financial statements of the other joint venture units are audited independently of the City's financial statements by various Certified Public Accountants.

I. The Finance Department

The City's Finance Department is headed by Heather Hunter, Finance Director/Treasurer and consists of seventeen (17) employees. The principle functions performed and the number of employees assigned to each is as follows:

Function	# of Employees
Administration	2
Treasury/Utility Billing	8
Accounting & Auditing	6
Purchasing	1

The Treasury Division is headed by Pamela LaBelle, Treasury Manager/Tax Collector; the Accounting & Auditing Division by Ralph Lenfestey, Chief Accountant; and Purchasing Division by Norman J. Beauparlant, Director of Budget/Purchasing. Tammy Bureau serves as the City's Investment Officer who is responsible for maintaining the City's investment portfolio.

J. Computer Systems

The City maintains its general ledger, accounts payable, payroll, accounts receivable and collections on a DEC Alpha Client/Server computer system, running under the UNIX operating system, with software purchased from Pentamation, Inc. The School accounts for its general ledger, accounts payable and payroll on Advance Data Systems' software which operates on a Windows server. The City utilizes Munis' Utility Billing Program to process and record its water and sewerage billing. The tax billing and collections are currently maintained on a UNIX computer system using software provided by Keystone. The City is on the United Appraisal assessing package with the expectation of converting to Cole Layer Trumble Company in conjunction with the City's revaluation. The City also utilizes numerous personal computers along with associated software such as word processors, spreadsheets and data bases.

K. Internal Audit Function

The City of Lewiston has maintained an internal audit function for a number of years. The internal audit function operates under the direction of the Chief Accountant and reports to that official, as well as to the Finance Director/Treasurer on selected projects. Internal Auditing is a key function of the Internal Auditor/Cost Accountant.

The Internal Auditor/Cost Accountant performs several financial and operational audits during the course of a fiscal year and routinely tests the adequacy of internal controls. Due to the independence of this position from routine financial processes, it is expected that the workpapers and written reports prepared by the Internal Auditor/Cost Accountant will be relied upon by the independent auditor in evaluating the extent of testing needed to be done in performing the audit.

III. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The City of Lewiston desires the auditor to express an opinion on the fair presentation of its general purpose financial statements, as presented in the Comprehensive Annual Financial Report, prepared by the Finance Director, in conformity with accounting principles generally accepted in the United States, and standards contained in the Government Auditing Standards, issued by the Comptroller General of the United States.

The City also desires the auditor to express an opinion on the fair presentation of its governmental and business-type activities, the aggregated discretely presented component unit and each major fund, and the aggregated remaining fund information, in conformity with accounting principles generally accepted in the United States. The auditor is not required to audit the supporting schedules contained in the Comprehensive Annual Financial Report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules applied during the audit of the basic financial statements. The auditor is not required to audit the Introductory Section or the statistical portions of the report.

The auditor shall have the responsibility for performing certain limited procedures involving required supplementary information, including the Management Discussion & Analysis, required by the Governmental Accounting Standards Board and by auditing standards generally accepted in the United States.

In connection with the examination of the records and financial statements, the auditor shall review the system of internal control, operating procedures and compliance with budgetary, regulatory, and legal requirements of the City of Lewiston, in accordance with Government Auditing Standards.

The review of internal controls must include an annual review of the related EDP controls within our Management Information Systems Division which should include but not be limited to the areas of physical security, systems and program documentation, input/output controls, control over use and retention of disk files and the adequacy and testing of a disaster recovery plan.

The auditor shall perform an audit of the School Department accounts, in accordance with the requirements of Title 20-A MRSA, Section 6051, which will include examining the Financial Report of Public Schools submitted to the State Department of Education on Form EF-M-45, for fairness of presentation.

The auditor shall perform a financial and compliance audit for all federally assisted programs in accordance with the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133 compliance supplement.

The auditor shall perform a financial and compliance audit for all state assisted programs in accordance with the Maine Uniform Accounting and Auditing Practices Act for Community Agencies.

The auditor shall perform financial audits of the accounts and records of the Lewiston-Auburn 9-1-1 Committee and issue the corresponding financial statement reports.

The auditor shall perform a detailed audit of each school activity account once every three (3) years and express an opinion thereon.

The City of Lewiston views its engagement of an audit firm as an ongoing, professional relationship, in which the firm is expected to provide consultation services during the course of the contract. As such, the auditor is expected to consult with the City, as required, on auditing, accounting, financial reporting, taxes and operating matters as they arise and to provide the City with information on current developments which would effect the City's financial operations and management. Special consideration will be given each year on the implementation of new GASB pronouncements with which the audit firm is expected to assist the City with data interpretation, financial statement presentation, and footnote disclosures.

B. Auditing Standards to be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and procedures applicable to governmental units, as prescribed in the following but not limited to documents:

1. American Institute of Certified Public Accounts (AICPA) Audits of State and Local Governmental Units, and Statements on Auditing Standards.
2. Government Finance Officers Association Accounting, Auditing and Financial Reporting.
3. U.S. General Accounting Office (GAO) Government Auditing Standards and Guidelines for Financial and Compliance Audits of Federally Assisted Programs.
4. Statements of the Government Accounting Standards Board (GASB)
5. The Single Audit Act of 1984 (Public Law 98-502 - "The Act")
6. The U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations
7. Maine Uniform Accounting and Auditing Practices Act for Community Agencies
8. Other documents as may be specifically described in this Request for Proposal, or their successors.

C. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. An Independent Auditors Report containing an expression of opinion that financial statements are fairly stated, or, if a qualified, adverse or disclaimer of opinion is necessary, the reasons therefore. The firm shall submit 100 copies of its reports no later than December 5th of each year.
2. A management letter addressed to the Mayor and City Council in which the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

The management letter will include a report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk. The auditor will assess the effects of observed weaknesses, if any, and propose initial steps to eliminate them.

The management letter should include a report on compliance with applicable laws and regulation. The report on compliance shall include all material instances of noncompliance. The auditor shall be required to make an immediate written report on all irregularities and illegal acts of which they become aware.

3. Separate reports on supplementary information required by Government Auditing Standards and OMB Circular A-133 which will include:
 - a. A report on compliance and the internal control structure at the General Purpose Financial Statement level;
 - b. A separate report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133;
 - c. Scheduled of Expenditures of Federal Awards and accompanying notes;
 - d. A report on compliance with specific requirements applicable to major and non-major federal financial assistance programs;
 - e. A report on compliance with general requirements for both major and

non-major federal financial assistance programs.

4. A separate report as required by Maine Uniform Accounting and Auditing Practices Act for Community Agencies (MAAP), which will include:
 - a. A Schedule of Agreement Operations and Agreement Settlement Forms.
5. Separate reports upon completing the examination of the School Department's records which will include:
 - a. Financial Statements and Schedules;
 - b. A report to the School Committee;
 - c. A management letter;
 - d. An Independent Auditor's Report on Compliance with the Requirements of the Maine School Finance Act;
6. A separate report to the City Council informing it of each of the following:
 - a. The auditor's responsibility under auditing standards generally accepted in the United States;
 - b. Significant accounting policies;
 - c. Management judgments and accounting estimates;
 - d. Significant audit adjustments;
 - e. Other information in documents containing audited financial statements;
 - f. Disagreements with management;
 - g. Management consultation with other accountants;
 - h. Major issues discussed with management prior to retention or reappointment;
 - i. Difficulties encountered in performing the audit.
8. The auditor must prepare and file the Municipal Audit Procedural Form and a copy of the auditor's report with the State Department of Audit within thirty (30) days after completion of the audits.

D. Special Considerations

1. The City of Lewiston will send its Comprehensive Annual Financial Report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program.
2. The City of Lewiston currently anticipates it will prepare one or more official statements in connection with the sale of debt securities which will contain

the general purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters".

3. The City of Lewiston has determined that the United States Department of Housing and Urban Development will function as the cognizant agency in accordance with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133.
4. The schedule of expenditures of federal awards, reports required by MAAP and the reports on the internal controls and compliance are not to be included in the Comprehensive Annual Financial Report, but are to be issued separately.

E. Working Paper Retention and Access to Working Papers

The firm shall agree to make available its working papers upon request, to meet any City financial need, as well as, in accordance with federal and state grant provisions. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years from submission of the final audit report, unless the firm is notified in writing by the City of Lewiston of the need to extend the retention period.

In addition, the firm shall respond to reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for Proposal issued	February 2, 2015
Due date for Proposals	February 27, 2015

B. Notification and Contract Dates

Selected firm notification	April 8, 2015
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C. **Date Audit May Commence**

The City will have adjusted or closed all accounts and will have its records ready for audit and Finance Department personnel available to meet with the firm's personnel, ninety (90) days after the end of each fiscal year.

The City will also make its records and other financial documents available prior to the end of the fiscal year so that the firm may begin its preliminary work well before the close of the fiscal year.

D. **Schedule for the Fiscal Year Audits**

Each of the following should be completed by the auditor no later than the dates indicated.

1. **Interim Work:** The auditor shall complete interim work by July 31.
2. **Detailed Audit Plan:** The auditor shall provide the City of Lewiston by July 31, both a detailed audit plan and a list of all schedules to be prepared by the City of Lewiston and the Lewiston School Department.
3. **Fieldwork:** The auditor shall complete all fieldwork by October 31.
4. **Draft Reports:** The auditor shall have drafts of required reports, financial statements and management letters available for review by the Finance School Department personnel by October 15th. City draft CAFR and other related financial reports should be available for review by December 1st.

E. **Entrance Conferences, Progress Reporting and Exit Conferences:**

The firm shall agree to entrance, progress reporting and exit conferences to review the audit program with City of Lewiston officials, including the School Department, as well as, to review the City's role and assistance in the audit process.

At a minimum, the following conferences should be held by the dates indicated on the schedule:

1. Entrance conference with key Finance Department and School Business Office personnel to discuss prior audit problems and interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor by July 1.
2. Progress conference with key Finance Department and School Business Office personnel to summarize the results of the preliminary review and to

identify the key internal controls or other matters to be tested, as well as, to discuss the year-end work to be performed by August 15.

3. Entrance conference with key School Business Office personnel to commence the year-end audit work, by the first week of September.
4. Entrance conference with key Finance Department personnel to commence the year-end audit work, by the second (2nd) week of October.
4. Exit conference with Finance Department and School Business Office personnel to summarize the results of the fieldwork and to review significant findings by November 15.

The auditor shall also provide oral reports on the progress of the audit at regular intervals.

The partner in charge of the audit shall be available to attend public meetings at which the audit report may be discussed. The partner or manager in charge of the audit shall be available to discuss the reports required by this proposal with the City's Finance Department and School Business Office staff as required.

F. Date Final Report is Due

The Finance Director shall prepare trial balance and required supplemental schedules by October 15th. The auditor shall provide all recommendation, revisions and suggestions for improvement to the Finance Director by November 15th. One hundred (100) signed copies of the auditor's opinion shall be delivered to the Finance Director on or before December 5th. In addition, thirty (30) copies of each of the Lewiston-Auburn 9-1-1 Committee, School Department, OMB Circular A-133, and MAAP reports shall be received by the Finance Director on or before December 20th.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The Finance Department and School Business Office staff will render all feasible assistance to the auditor and will respond promptly to requests for information, documentation, explanations and will provide all necessary books and records required by the firm. The preparation of confirmations will be the responsibility of the auditor. In addition, clerical support will be made available to the auditor, as needed, for the preparation of routing letters and memoranda.

B. Internal Audit Staff Assistance

The internal audit staff of the City of Lewiston will be available to assist the auditor in performing the audit especially as it relates to physical yearend inventory observations.

C. Management Information Systems (MIS) Assistance

MIS personnel, including the MIS Director will be available to assist the auditor in performing the engagement and will also be available to provide systems documentation and explanations.

D. Statements and Schedules to be Prepared by City of Lewiston Staff

The staff of City of Lewiston will prepare statements and schedules for the auditor that will include at least the following:

1. Trial balances for each fund;
2. Department expenditure and revenue status reports which include comparison to budget;
3. Schedule of appropriations and encumbrances;
4. Cash reconciliations for each fund;
5. Schedule of interfund receivables, payables and transfers;
6. Schedule of taxes and liens receivable reconciled to the general ledger;
7. Schedule of accounts receivable;
8. Schedule of accounts payable for each fund;
9. Detail of all accrued liabilities;
10. Schedule of accrued payroll;
11. Schedule of accrued compensated absences;
12. A list of encumbrances at year-end;
13. Financial statements of joint ventures;

E. Work Area, Telephones, Photocopying and FAX Machines

The City of Lewiston will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying facilities and a FAX machine.

F. Report Preparation

Preparation, editing and printing of the Comprehensive Annual Financial Report will be the responsibility of the Finance Director. However, the auditor is expected to provide assistance with proofreading and offer suggested disclosure enhancements.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning this request for proposals should be directed to Heather Hunter, Finance Director/Treasurer, City of Lewiston, 27 Pine Street, Lewiston, Maine 04240; telephone # 207-513-3017; or by e-mail at hhunter@lewistonmaine.gov.

2. Submission of Proposals

The following material is required to be received by February 27, 2015, for a proposal firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and eight (8) copies to include the following:
 - i. **Title Page**
Title page showing the request for proposal subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
 - ii. **Table of Contents**
 - iii. **Transmittal Letter**
A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the contract term.
 - iv. **Detailed Proposal**
The detailed proposal should follow the order set forth in Section VI, B of this request for proposals.
- b. The proposer shall submit a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL FOR CITY OF LEWISTON
FOR PROFESSIONAL AUDITING SERVICES
February 27, 2015

- c. Proposers should send the completed proposal to the following address:

City of Lewiston
Norman J. Beauparlant
Director of Budget/Purchasing
27 Pine Street
Lewiston ME 04240

B. Technical Proposal

1. General Requirements

The Technical Proposal should demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the City of Lewiston, in conformity with the requirements of this request for proposals and of the particular staff to be assigned to this engagement. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, Item No. 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated. **Omissions of this critical information will result in the elimination of the proposal from consideration.**

2. Independence

The firm should provide an affirmative statement that it is independent of the City of Lewiston as defined by auditing standards generally accepted in the United States and the U.S. General Accounting Officer's Government Auditing Standards, latest edition.

The firm should also list and describe the firm's (or proposed subcontractor's) professional relationship involving the City of Lewiston or any of its agencies or component units/agencies, component units or oversight unit for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City of Lewiston written notice of any professional relationships entered into during the period of this agreement which may constitute a potential conflict of interest.

3. **License to Practice in Maine**

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered or licensed to practice in Maine.

4. **Firm Qualifications and Experience**

Article VI, Section 6.12 of the City of Lewiston Charter requires the City Council to appoint an accounting firm whose minimum qualifications shall include certified public accountants on staff.

The proposer should state the size of the firm, the size of the firm's government audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether the quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. **Partner, Supervisory and Staff Qualifications and Experience**

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement; and indicate whether each such person is registered or licensed to practice as a certified public accountant in Maine. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the

past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or assigned to another office. These personnel may also be changed for other reasons with express prior written permission of the City of Lewiston. However, in either case, the City of Lewiston retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City of Lewiston, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements with Other Government Entities

For the firm's office that will assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five (5) years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, experience with governmental accounting and GASB pronouncements, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed in performing the services required in Section III of this request for proposal. The proposal should describe the audit procedures to be followed, presented in a form which shall best aid the City of Lewiston in evaluating your firm's ability to identify, evaluate and communicate on municipal government financial problems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement;
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- c. Extent of EDP software used in the engagement;
- d. Approach to be taken to gain and document an understanding of the City of Lewiston's internal control structure;
- e. Approach to be taken in determining laws and regulations that will be subject to audit testing;
- f. Sample sizes and the extent to which statistical sampling to be used in the audit;
- g. Type and extent of analytical procedures to be used in the engagement;
- h. Audit sample size selection methods for testing compliance;
- i. Indication of how implementation of future GASB Statements will effect the engagement, as well as, staff's readiness to assist in and audit statements incorporating future GASB Statements;
- j. Any other information the proposer feels is relevant to this engagement.

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems which may include the adherence to key dates outlined in this request for proposal, the firm's approach to resolving these problems and any special assistance that will be requested from the City of Lewiston.

9. Report Format

The proposal should include sample formats for required reports.

10. Professional Liability Insurance Coverage

Certificates of Professional Liability, Workers' Compensation, and Public and Automobile insurance coverage with the indication of liability limits should be enclosed in the proposal. The successful proposal shall agree to defend, indemnify and save the City harmless from all losses, costs or damages caused by its acts or agents.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal.

The sealed dollar cost bid (Appendix A) should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Lewiston.
- c. A Total All-Inclusive Maximum Price for each of the proposed five (5) years. To facilitate the City's budgeting and expenditure distribution, please approximate the cost of each segment of the audit, i.e. General Fund, School Department, Water, Storm Water and Sewer Departments, Community Development Block Grant, and Lewiston-Auburn 9-1-1 Committee. The total five (5) year fee is the cost that will be used for evaluation purposes.

D. Rates for Additional Professional Services

If it should become necessary for the City of Lewiston to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work resulting from the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City of Lewiston and the firm specifying the additional work to be performed and related compensation.

E. Final Payment

The final payment for any audit shall become due only after the submission of all reports required by Section III, C of this proposal and their acceptance by the City and/or federal or state grantor agencies.

VII. EVALUATION PROCEDURES

A. Review of Proposals

The City of Lewiston shall evaluate the proposals on the basis of the qualifications, relevant experience and responsiveness of the bidders, as well as the estimated cost of the engagement.

B. Evaluation Criteria

Proposals will be evaluated using three (3) set of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process:

1. **Mandatory Elements:**

- a. The audit firm is independent and licenses to practice in Maine.
- b. The firm has no conflict of interest to any relationship between the firm and the City of Lewiston.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
- e. A statement that the firm's professional employees have obtained adequate continuing professional education within the preceding two (2) years, specifically as it pertains to governmental accounting and implementation of current and upcoming GASB pronouncements.

2. **Technical Quality**

- a. Expertise and Experience:
 - (1) The firm's past experience and performance on comparable government engagements.
 - (2) The quality of the firm's professional personnel being assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
 - (3) The firm's expertise in the use of computers.
 - (4) The firm's experience in auditing similar federal or state financial assistance programs.
- b. Audit Approach
 - (1) Adequacy of proposed staffing plan for various segments of the engagement.
 - (2) Adequacy of the audit plan for electronic data processing function.
 - (3) Responsiveness of the proposal that demonstrates a clear understanding of the engagement through the audit work plan and time estimates for each segment of the audit.

3. **Price:**

Cost will be an important, but not the sole factor in the selection of an audit firm.

D. Oral Presentations

During the evaluation process, the Finance Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Finance Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

The City Council will select a firm based upon the recommendation of the Finance Committee.

It is anticipated that a firm will be selected by April 7th or before. Following notification of the firm selected, it is expected a contract will be executed between both parties no later than April 30th.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm to the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Lewiston and the firm selected.

The City of Lewiston reserves the right without prejudice to reject any or all proposals.

VIII. TERMINATION OF AUDIT

If the audit firm fails to substantially comply with the specifications contained in this Request for Proposals, then the City of Lewiston reserves the right to terminate the engagement after completion of any audit year, upon written notice to the firm by March 1.

APPENDIX "A"

City Council
Lewiston, Maine

The undersigned proposes to provide the City of Lewiston, Maine with an independent audit of its financial accounts and records, as specified in its Proposal to Provide Audit Services.

The undersigned certifies that he/she is entitled to represent the firm, is empowered to submit the bid, and is authorized to sign a contract with the City of Lewiston.

The undersigned proposes to accept as full payment the following sum:

	July 1, 2014 - June 30, 2015	July 1, 2015 - June 30, 2016	July 1, 2016 – June 30, 2017	July 1, 2017 – June 30, 2018	July 1, 2018 - June 30, 2019
Total Proposed Audit Hours					
City					
School					
CDBG					
Water, Storm Water & Sewer					
9-1-1 Committee					
Total Per Year	\$	\$			\$
Total Five (5) Year Cost					\$

Firm's Name	
Signature	
Name & Title (printed or typed)	
Address	
Date	
Telephone #	
E-Mail Address	

APPENDIX "B"

LIST OF KEY PERSONNEL, OFFICE LOCATIONS & TELEPHONE NUMBERS

Name & Title	Location of Office	Telephone #
Edward Barrett City Administrator	City Building	(207) 513-3121
William Webster Superintendent of Schools	Dingley Building	(207) 795-4100
Heather Hunter Finance Director/Treasurer	City Building	(207) 513-3017
Ralph Lenfestey Chief Accountant	City Building	(207) 513-3123
Pamela LaBelle Treasury Manager/Tax Collector	City Building	(207) 513-3141
Norman J. Beuparlant Director of Budget/Purchasing	City Building	(207) 513-3127
Timothy Earle MIS Director	City Building	(207) 513-3129
Joseph Grube Chief Assessor	City Building	(207) 513-3122
Elaine Runyon School Department Controller	Dingley Building	(207) 795-4100